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REPORT OF COMMITTEE

TO THE

Meeting in the Merchants' Exchange Reading Room,

JANUARY 13th, 1859,

UPON THE

SUBMARINE CABLE

Between Boston and Halifax.

THE undersigned, a Committee appointed at a meeting of the merchants and business men of this city, to consider the expediency of laying a Submarine Telegraphic Cable from Cape Ann, Massachusetts, to Yarmouth, Nova Scotia, beg leave to

REPORT:

That they have devoted much time and consideration to the subject, under a conviction of its great importance not only to the interests of this city, but also, under the peculiar circumstances of the case, to other cities of the United States.

They believe that comparatively few persons are prepared to estimate the power, for good or evil to the community, involved in the manner of conducting the business of the telegraph, until they have a thorough knowledge of the subject, acquired by careful examination and reflection. Under a monopoly of any one corporation or person, the telegraph, as an element of immense political and commercial power,

becomes susceptible of more or less abuse by the subserviency of public interests to private ends, to a degree far beyond that of the power of other corporations or institutions. Your committee have been informed, from sources entitled to confidence, that efforts have recently been made to consolidate all existing telegraphic companies in the United States into one company, which practically would place the transmission and distribution of the foreign, and much of the domestic news throughout the country, under the immediate control of the agent of the "associated press," in New York; a concentration of power, which, in the opinion of the committee, should be confided to no one individual, company or corporation, without such supervision and check in its liability to abuse, as we are persuaded do not at present exist. As an illustration of the power which would be thus conferred, we would refer to the statement of the agent of the "associated press," published in the Boston Evening Gazette, of 10th Nov. last, in which he alleges, that, by the express terms of a contract existing between the "associated press and the Nova Scotia Electric Telegraph Company, the latter are bound to surrender their wires to the use of the agent of the press, from the time the news report of the press or its agent is delivered at the telegraph office in Halifax, until the transmission to Sackville of the whole of the stipulated three thousand words has been accomplished. The commercial news to be thus transmitted is prepared for the press *in cypher, the key of which is confided to none excepting a very few of our old and well known agents.*"

To transmit three thousand words often requires the use of the wires from four to six hours. Is it not, then, obvious that, under the proposed consolidation and consequent monopoly already referred to, during the period of transmission, and within the limit of three thousand words, *by the use of cyphers*, messages not strictly the property of the press, but of personal or private nature, *may* be transmitted, and the meaning known only to *one man, and his few confidential agents;* and may not that knowledge, when received in ad-

vance of other messages to individuals, and which may contain the news of great changes in the markets, a declaration of war, or the conclusion of peace between nations, be used for individual and private advantage of an agent of the press, or that of his friends, to an extent not easily estimated? We suggest that it *may* be thus used—whether it will be or not, must depend on the integrity of the person to whom so much power is committed. Upon the general tendency to the abuse of power secretly held, and therefore inaccessible and irresponsible, and from which legislative enactments seek to guard the public, it cannot be necessary to enlarge.

Your committee not only concur in the opinion of the former committee on the subject, that the establishment of a submarine telegraphic cable connection between Cape Ann and Yarmouth, in N. S., is "highly desirable and practicable;" but their further investigation of the subject has forced on them the conviction, that an urgent and imperative necessity exists for the accomplishment of an object, adapted to prevent an apprehended monopoly, as well as directly to promote the business interests of the community.

The distance from Cape Ann to Yarmouth, N. S., by sea, is about 200 miles, and from Yarmouth to Halifax, by land telegraphic lines already in operation, about 248 miles, while by the circuitous route through Maine and New Brunswick (a part of which is comparatively a wilderness) the distance by the telegraphic lines is about 737 miles. Thus by the proposed cable route the distance will be diminished by about 289 miles, and the delay in the transmission of "through messages" by the land route (arising from local business, and the necessity of frequent repetitions at the intermediate stations, as also from accident to the wires, which may happen at remote places) will be avoided. By the proposed submarine cable, only two intermediate stations between Boston and Halifax will be required, and consequently messages must pass in much shorter time and with more certainty, than by the lines at present existing. The efficiency of the submarine cable between England and France, which has

been in operation about ten years, as well as that of the cable laid down in the Black Sea, and which was in successful operation during the latter part of the Crimean war, not to mention others, are sufficient evidence of the practicability of that mode of transmitting telegraphic messages for those distances, if the cable is laid in a proper manner and where no peculiar local difficulties exist.

It is proposed by the route now under consideration to reduce the tolls between Halifax and Boston, from one dollar and thirty-five cents, the present rate, to one dollar for a message of ten words. This added to the saving of time will have a tendency to increase largely the number of messages to be transmitted. Independendy of other considerations bearing favorably on this enterprise, the increasing importance of the trade of Nova Scotia, as well as that of the other British Provinces, to New England, would seem to warrant some effort to enlarge the facilities of communication, as a means of promoting their commercial interests.

Should the contemplated project of Mr. Gisborne, of laying a submarine cable from the coast of Ireland to the Straits of Belle Isle, on his own peculiar principle be carried into effect, as he seems sanguine that it may be, the laying of a submarine cable from the northerly shore of Nova Scotia to Blanc Sablon, in Labrador, a distance of about 300 miles, will constitute a continuous telegraphic line (in connection with that now proposed between Yarmouth and Cape Ann) from Boston to Ireland, which, according to Mr. Gisborne's views, would be shorter and more secure than by any other route across the Atlantic.

The fact that the Atlantic cable, as now laid, is, according to present indication, a failure, and that aid has recently been sought from the British Government for laying other submarine cables across the Atlantic by other routes, would seem to favor the probability that Mr. Gisborne's plan of so directly connecting England with the Canadas, and her other Provinces, as also with the United States, will receive a fair examination; and if he can satisfactorily establish the

soundness and practicability of his peculiar theories on this subject, which appear plausible, the aid of the Government and of the public may be secured, and his enterprise be accomplished.

The committee are informed that Mr. Gisborne is urging forward his project in England and in Canada, and that he has received within a few days encouraging assurances. A proposal has been communicated to the committee from a manufacturer in England, to make and lay down a suitable cable from Cape Ann to Yarmouth, and to guaranty to keep it in working order for three months, for forty thousand pounds sterling; and a manufacturer in the United States has made a similar proposition, at the cost of one hundred and forty-eight thousand dollars.

This may be regarded as sufficient evidence that when an authorized and responsible committee of any company, that may hereafter be formed for the purpose, shall be prepared to enter into contract, they will be able to cause the work to be completed at a reasonable outlay, and perhaps by the competition of manufacturers at something less than the proposals already made.

The Nova Scotia Electric Telegraph Co., which now have about 1150 miles of line under their control, and a continuous line from Halifax to Yarmouth, have proposed an arrangement, by which they agree to form a connection with any company which shall establish the Cape Ann and Yarmouth line, on terms and conditions which appear to your committee satisfactory. Although their right to make such an agreement in regard to messages from Newfoundland, which your committee are informed amount to only about one-eighth part of all the messages transmitted over the wires of the Nova Scotia Company, has been questioned, the Nova Scotia Company allege that it has the right, and that all previous contracts between it and all other parties, for peculiar privileges or preferential dealings, will cease and determine on or before the first day of May, 1859.

The controversy between the Nova Scotia Electric Tele-

graph Company and the New York, Newfoundland and London Telegraph Company, as it respects the transmission of messages from Newfoundland over the lines of the former, involves the necessity of a further and more thorough examination than your committee are prepared to devote to it; but, however this question may be ultimately settled, it appears to your committee, as now understood by them, that it can affect no other business of the Nova Scotia lines than that derived from Newfoundland, which latter, as before stated, bears a very small proportion to the whole number of messages hitherto transmitted over the Nova Scotia lines. So far as this point is concerned, which your committee do not regard as a very important one, in the present condition of the Atlantic cable, the recommendation of this report must necessarily rest on the assumption that the Nova Scotia Company know their legal rights in this matter and are fully competent to establish them. It is hoped, however, that this controversy may be harmoniously adjusted, and that the New York, Newfoundland and London Company will find it for their interest to avail itself of the advantages of a shorter, quicker, more regular and more reliable mode of transmitting their messages by the proposed submarine cable, (if laid down between Yarmouth and Cape Ann,) rather than to resort to the expensive and apparently suicidal policy of making a new connection by submarine cable between Newfoundland and New Brunswick, as it has been intimated they may do. That can only be done at a heavy outlay of capital, and under serious disadvantages and embarrassments.

The Union Telegraph Company, whose lines extend from Portland to New York, have entered into contract with Mr. Gisborne, as the representative of the Nova Scotia Company, (if the proposed submarine cable from Cape Ann to Yarmouth be laid), to form a connection from Cape Ann through Boston to New York; and by the existing contracts between the Union Company and the Magnetic Telegraph Company, (copies of which are in the hands of the committee) the Union Company are enabled to form such a connection as will in-

sure the transmission of messages that may be received over the Yarmouth and Cape Ann cable from New York to New Orleans, and intermediate places, and thus practically transmit messages to every part of the Union where telegraphic communications exist.

The contract of the Union Telegraph Company with Mr. Gisborne is for twenty-five years, and on conditions which the committee regard as favorable to the interests of the proposed submarine cable company and to the public.

With a view to protect the public interest, the committee would suggest that in the act of incorporation to be obtained from the Massachusetts Legislature, a provision should be introduced that all messages containing public news, addressed to the agent or agents of the newspaper press of this country, or to any person for the purpose of being published, and to be transmitted through the contemplated cable from Yarmouth to Cape Ann, shall be delivered to the several telegraphic operators on said line, in intelligible English language and *not in cypher*, and that such messages shall be transmitted by said operators in such telegraphic characters or language, as are generally understood by those practically familiar with the business of operating the telegraph,—and that said messages shall be made known to the agent or agents of the public press by the several operators, at all the various points where they are addressed, as nearly simultaneously as distance and peculiarity of location will permit; giving similar priority to the press as it relates to such public messages, as it is understood they now have. The committee would further suggest, also, that the Commonwealth shall have the appointment of a director of said proposed company, (who shall receive no compensation from the company) but who shall have full power of minute supervision over the administration of affairs of the company, so far as it relates to the public interest, and on reasonable ground of belief of any violation of its charter obligations (to the public) or of an abuse of its power, it shall be the duty of said director to institute such legal proceedings as shall enforce

any penalty which said act may provide. In view of the probability that foreign news, reaching points east of Boston, whether by steamer or by any future Atlantic cable that may be laid, will pass over this line, the importance of the provisions suggested will be at once estimated. The committee do not intend to express the precise terms which should be embraced in a charter, but rather to indicate the nature of the principles to be therein adopted for the protection of the public against the possible abuse of power by the telegraph company. So jealous were the British Government of its rights, and those of the public, that in the act by which it incorporated the Atlantic Cable Company, the powers over it retained by the Government were much more comprehensive and peremptory than those which the committee have suggested to be exercised by the Government of this Commonwealth over the proposed submarine cable company.

As to the duty pointed out by the former committee, "that previous to opening a subscription for stock the opinion of some competent lawyer be obtained, as to whether any or what legislation of the Government of Nova Scotia and of Massachusetts is necessary to confirm an agreement of the Nova Scotia Company with the proposed new company, and also to secure to persons who shall subscribe, the rights and powers which have been granted to telegraphic companies entirely within the jurisdiction of these Governments respectively," the committee would remark that they have not yet obtained such information; and therefore recommend that the subscription should be made on the condition that such legislation, if any, as may be required shall be obtained. The statement of the Nova Scotia Company, made to the committee, of the number of messages transmitted over their lines for the year ending 30th September, 1858, would seem to indicate an income which justifies the opinion that the business of the proposed Yarmouth and Cape Ann Cable Company may be made remunerative, if conducted with economy and sound discretion. But from want of knowledge of the probable cost of repairs and of depreciation of a submarine

cable, the committee do not feel justified in giving an unqualified opinion on this point. A proposal has been made to take a lease of the line for a term of years by the payment of seven per cent. per annum on its capital stock. This, your committee think, should not be accepted, for the reason that the control of the company over the administration of its business would thereby be impaired, and thus one of its principal objects be defeated. It will, however, be optional with the future stockholders of the proposed company to accept or reject the proposal.

As an evidence of the interest and confidence of the Union Telegraph Co. in the proposed enterprise between Cape Ann and Yarmouth, it has formally authorized a subscription of twenty-five thousand dollars to be made to the capital stock of the company to be formed, in addition to the prompt manner in which they have entered into an agreement for a mutually advantageous connection.

Mr. Gisborne, whose practical knowledge and experience on this subject may be regarded of peculiar value, also has agreed to subscribe twenty thousand dollars to the capital stock, and it is hoped that such is the interest which other cities have in securing the accomplishment of this enterprise, that it may be reasonably expected that they will co-operate in carrying it into effect.

It is not, however, in the light of a direct profit to the stockholders that we are disposed to regard the importance of this enterprise, but chiefly as a matter of peculiar value to the business interests of the whole country.

If Boston or any other city is to be made secondary in the receipt of foreign news, as there is reason to apprehend they may be, under the consolidation and consequent monopoly of existing telegraph companies, it is certainly worth an earnest effort on the part of all who have a comprehensive view of their interests, and a proper regard for the protection of them, to improve the present favorable combination of circumstances, to carry into effect an enterprise so well adapted to prevent such a result. The committee have reason

to apprehend, if the proposal of the Nova Scotia Co. is not now at this most opportune moment accepted, and the submarine cable laid from Cape Ann to Yarmouth, that a consolidation of existing lines will before long be effected, and thus practically merged into one company, and that company be practically under the controlling influence of one agent, so far as it concerns the transmission of public news for the newspapers of this country.

In view of these considerations, your committee recommend that a committee be appointed to prepare a subscription list, embracing all the necessary conditions for the purpose, carrying into effect the enterprise of laying a submarine cable from Cape Ann to Yarmouth, and to obtain subscriptions for that purpose on the condition, amongst others, that no subscription shall be binding until the whole amount subscribed shall reach the sum of two hundred thousand dollars, and that said committee be also charged with the duty of petitioning the Legislature of Massachusetts for an act of incorporation for a company to be formed, containing substantially the principal conditions indicated in this report.

E. S. TOBEY,
THOS. ASPINWALL,
W. B. SPOONER,
C. O. WHITMORE,
GEORGE LUNT,
S. HOOPER,
E. P. WHIPPLE,
T. W. PEIRCE.

Boston, Jan. 11, 1859.